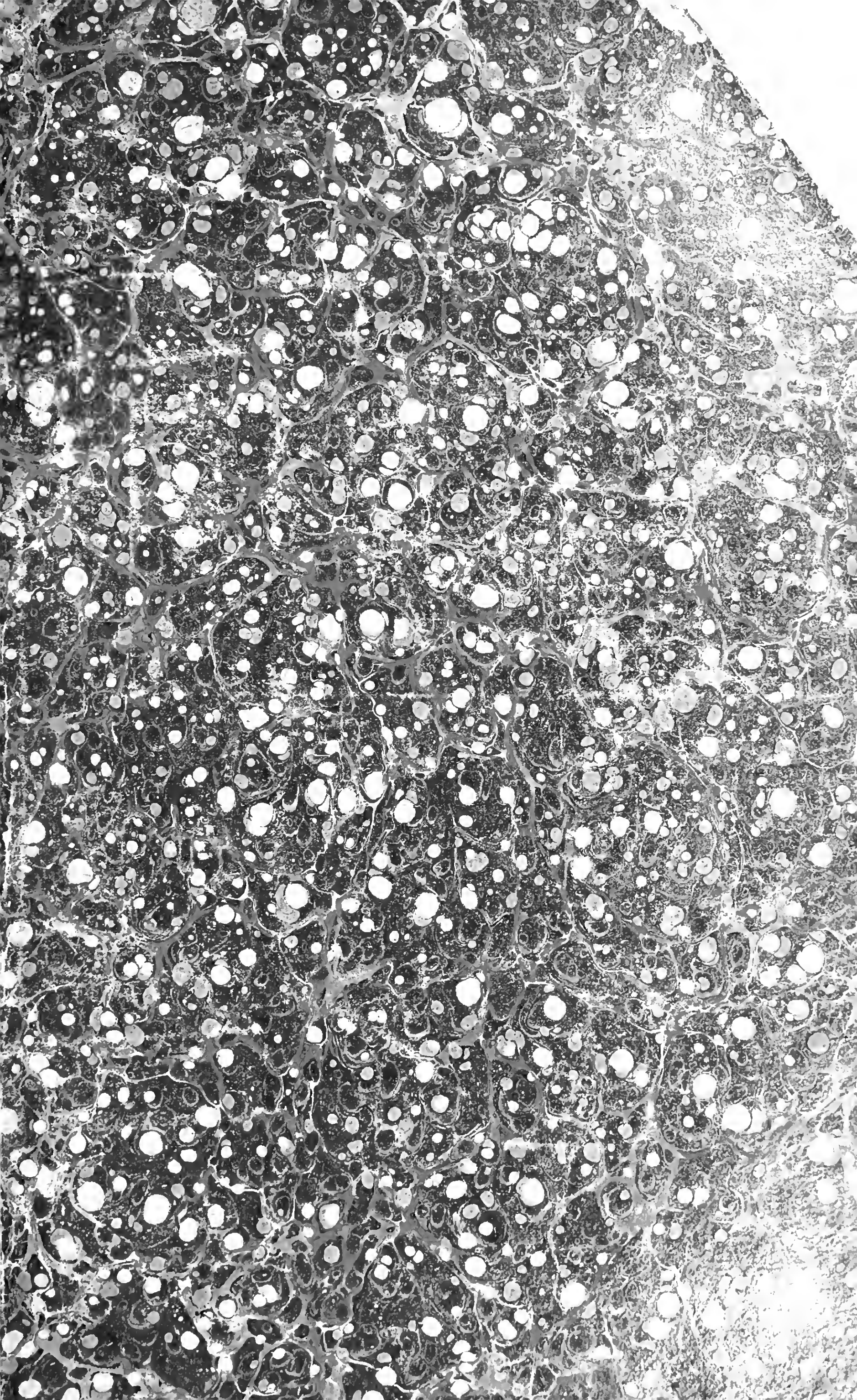

(10)

THERE IS A FAITH DUE TO THE PEOPLE, AS WELL AS TO THE HOLDERS OF PUBLIC SECURITIES.

SPEECH

OF

HON. THOMAS EWING

ON THE

BILL TO REPEAL THE THIRD SECTION OF THE RESUMPTION LAW,

NOVEMBER 22, 1877.

The House having under consideration Mr. EWING'S bill (H. R. No. 805) to repeal the third section of an act entitled "An act for the resumption of specie payments"—

Mr. EWING said:

Mr. SPEAKER: It is characteristic of republican governments that the people confine their attention and interest to one great question until it is thoroughly settled. For six years preceding the war, nothing of public interest was generally considered but the slavery question. During the war, the means of its successful prosecution absorbed all attention. Since its close, the status of the negro race as components of our political life, and the terms of rehabilitation of the revolted States, have been the controlling questions in every campaign. Now that the last of the southern questions is happily settled by the triumph of the democratic principle of local self-government, there loom up, as paramount in importance and interest, the questions of the debt and the currency.

Happy would it have been for the people had they considered these questions twelve years ago. They would have been saved the infliction of five gigantic wrongs in their finance policy. They would have had a paper currency composed solely of greenbacks, and have avoided $350,000,000 of unnecessary bonded debt caused by dividing the circulation with national banks—a saving which would by this date have equaled one-third of our national burden. They would not have suffered the maladroit and mischievous funding in long bonds of the $1,200,000,000 of interest notes, the chief part of which were legal-tenders and performed the double office of investment and currency; which were dispersed throughout the country, and little felt as a burden because of the ebb and flow of payments from the Treasury to the people as interest, and from the people back to the Treasury as taxes. The funding of those notes largely contracted the effective currency just as our business wants were immensely increased by the return of the South to our industrial life; and substituted for them a credit system which occasioned the panic of 1873.

So, too, if the people had been awake to these questions, the act of repudiation and extortion in 1869 would never have become a law, by which $500,000,000 were in effect taken from them and given to

the bondholders without consideration; nor the silver swindle of 1873 and 1874 by which we were deprived of the power to pay our public debts in the coin of the contract, the metal of which America is the great producer; nor the crowning villainy of the act of 1875, by which about ten thousand millions of currency debts were made payable in gold, by which the great wealth-producing classes are being robbed of their accumulations for the benefit of usurers, and our land in the midst of the abundance of God's bounties filled with the cries of hunger and despair.

Mr. Speaker, in closing the debate on this bill I wish it to be understood as having no connection with the question whether the system of free banking established by the resumption law shall stand or fall. The third section of that law repealed all the provisions of the national-currency act which limited the aggregate bank circulation to $354,000,000, and which provided for the withdrawal and redistribution of bank currency. The repeal of that third section now, will not revive those provisions of limitation, withdrawal, and redistribution; but will leave the bank system just where it now is, open to all in any locality who may choose to establish banks of issue. This measure will merely stop the redemption and destruction of greenbacks, and the purchase and accumulation of coin for that purpose. When it shall have been disposed of, it will be for Congress to determine whether the sovereign prerogative of furnishing the money of the people shall be exercised by the Government alone, or divided with private corporations.

I do not wish to confound two wholly separate questions, one of which is before us and the other not; and therefore shall not attempt in the discussion of this bill to present the reasons which ten years ago led me to the conviction that bank issues should be suppressed and the whole paper circulation restored to the nation, to whom its advantages belong. That issue will undoubtedly be presented by an appropriate bill at an early day.

EFFECTS OF CONTRACTION AND EXPANSION CONTRASTED.

Mr. Speaker, no greater wrong can be inflicted on a people by government than a contraction of the volume of currency to which their values are adjusted. The prices of commodities, whether land, product, or labor, are determined absolutely by the effective volume of the currency. An increase of the volume, raises the price of all commodities; but, if not carried beyond the wants of business, does injury to only a comparatively small class, whose wealth or dependence is chiefly in money securities, fixed rents, annuities, or salaries. Yet, while it injures them in one way it helps them in another: it lightens the burden of taxation, promotes industry, stimulates exchanges, multiplies opportunities for safe and profitable investments, and thus indirectly compensates them for the diminution of the relative value of their money. Thus, during the war of the rebellion, so great were the general benefits from the increased volume of the currency, and so many the new opportunities for successful investment, that even the small creditor class suffered little by the decrease of the purchasing power of money.

On the other hand, a *contraction of the currency*, by diminishing the price of land, labor, and commodities, spreads ruin among the masses. It oppresses debtors, by reducing the price of those commodities by the sale of which money is raised to pay debts. It in like manner lays increased burdens on taxpayers. It checks business, because neither the maker nor the exchanger of values can work profitably on a falling market; and, by diminishing business, forces wage-people into idleness and starvation.

Hume, in his Essay on Money, says:

The policy of the good magistrate consists in keeping the money of the nation if possible still *increasing;* because by that means he keeps alive a spirit of industry and increases the stock of labor, in which consist all real power and riches. Accordingly we find that in every kingdom into which money begins to flow in greater abundance than formerly, everything takes a new face: labor and industry gain life, the merchant becomes more enterprising, the manufacturer more diligent and skillful, and even the farmer follows his plow with greater alacrity and attention.

On the other hand, a nation whose money decreases is actually at that time weaker and more miserable than another nation which possesses no more money but is on the increasing hand. The workman has not the same employment from the manufacturer and merchant; the farmer cannot dispose of his corn and cattle, though he must pay the same rent to his landlord. The poverty and beggary which must ensue are easily foreseen.

OUR CURRENCY NOT EXCESSIVE WHEN RESUMPTION LAW WAS ENACTED.

Mr. Speaker, this resumption law found the prices of land, labor, and products in the United States adjusted to a volume of $733,000,000 of money, exclusive of fractional currency. I do not include silver or gold, for they were not then, and are not now, any part of the actual currency. This volume was not excessive. It was but $17.50 *per capita*, including the fractional currency. Compare it with the money of other nations. As my colleague [Mr. GARFIELD] objects to a comparison with France, take England which has by various estimates from $27 to $34 *per capita*, or Germany which has $23 *per capita*. These are small nations comparable only in area with our States; they are covered with net-works of railways and their exchanges are swiftly made; while we are spread over a vast continent, imperfectly developed, and our exchanges are comparatively slow. It was the deliberate judgment of General Grant's administration in December, 1873, as expressed in his message—an opinion concurred in by the public generally—that our currency was then too small for our business in the dullest seasons of the year.

THE GENERAL PURPOSE AND EFFECT OF THE LAW.

Now the immediate evil of this resumption law is that it necessarily involves a destruction of from one-half to three-fourths of our paper money; that the gold with which the paper will be redeemed will not go into general circulation, and that therefore the execution of the law will result in a reduction of all values in substantially the proportion of the contraction of the currency, carrying with it an enormous increase of the burdens of debt and taxation, the wide-spread ruin of industry, and the pauperization of millions of our people.

This law was in fact devised by the money power to double their wealth through contraction and the consequent shrinkage of values, and at the same time to take from the people all control of the currency; to drive in the circulation of the country banks, and establish a dominion of the money power, through a few banks in the large cities, over the business and fortunes of the great wealth-producing classes and sections.

THE GREENBACKS REDEEMED MUST BE DESTROYED.

Under this law every greenback redeemed must be destroyed. My colleague [Mr. GARFIELD] says that Mr. Sherman now thinks they may be reissued. If so, he has changed front. He intimated most distinctly in the Senate, when the resumption bill passed, that redemption meant cancellation. But, whatever may be his opinion, the law stands, and whoever may be Secretary must execute its evident purpose. Section 3579 of the Revised Statutes, which Mr. Sherman is now reported to interpret as authorizing a reissue, was in force in 1875, when he expressed the opposite opinion. It provides that "when any United States notes are *returned* to the Treasury

they may be reissued." Certainly notes *returned*—that is, received *in payment of public dues*—may be reissued. The act of receiving such notes is not *redemption*—which is payment of a public debt, and involves extinction of the evidence of the debt unless otherwise expressly provided by law.

Mr. Sherman's latest phase of opinion on this question is not only unsustained by the law, but actually multiplies the difficulties and dangers of resumption. It compels redemption in gold, not only once but over and over again, and requires the Treasury to be the perpetual supplier of gold to all who need it; while it puts in the hands of the Secretary the power to expand or contract the currency by reissuing or hoarding greenbacks at his discretion.

Mr. Bristow when Secretary of the Treasury declared the purpose and effect of the law in his report for December, 1875, saying, "the faith of the Government now stands pledged to the final redemption and *removal from the currency of the country* of the legal-tender notes as fast as they shall be presented for redemption." Mr. Morrill, his successor, reiterated it in his report in 1876, saying that the law "declared in effect *a monetary system composed of coin and national-bank notes* redeemable in coin." The Treasury Department has declared it every month by the destruction of fractional currency redeemed under the same language of the same law. The act itself declares it by providing for the "redemption" of fractional currency "until the whole amount *outstanding shall be redeemed;*" and by providing that legal-tenders shall be redeemed before January 1, 1879, "until there shall be outstanding $300,000,000 of such legal-tender notes *and no more*"—both these provisions plainly showing that "redemption" means final extinction and removal from the currency of the country.

VOLUME OF REDEEMABLE PAPER DEPENDENT ON AMOUNT OF COIN IN THE COUNTRY.

Mr. Speaker, no nation ever maintained a redeemable paper currency equal to the volume of coin in the country. France with $1,200,000,000 in coin according to the estimate of Victor Bonnett, and $1,600,000,000 according to Mr. Carey, has not yet felt able to resume specie payments on $491,000,000 of paper. England with $700,000,000 of coin can only maintain a redeemable paper currency of about two hundred and sixty millions. Before the war, we had two hundred and eighty-five millions of coin in the United States, and our banks never had a paper circulation in excess of two hundred and fifteen millions. The reason is obvious: when coin becomes actually current, two-thirds of its volume, at least, is absorbed by the people or hoarded as reserves by banks of deposit only: and it is not possible for banks of issue or the Government to get control of over one-third or a fourth of the coin in the country as a redemption fund. Thus, before the war, the banks never held to exceed eighty-three millions of the two hundred and eighty-five millions of coin in the country. The British banks hold about one hundred and thirty millions of the seven hundred millions in Great Britain, and the Bank of France holds four hundred and forty-three millions of the twelve hundred to sixteen hundred millions of coin in France.

Hence, if our own experience and that of other nations are to guide us to permanent resumption, we must increase our coin, or cut down our paper, or both, until the amount of coin in the country shall far exceed the amount of paper money. It should exceed it about threefold to make resumption as safe as in England or France; and should exceed it one-third to get back to the merely spasmodic resumption we had before the war.

OUR COIN SUPPLY.

Now, what is our present supply of coin and bullion? I have had a number of estimates made for me, by persons who have the means of information attainable, the average of which places the amount of coin and bullion at one hundred and fifty millions of gold and ten millions of silver, exclusive of subsidiary coin. That is, we have one hundred and sixty-millions of gold and silver coin and bullion in the Treasury, the banks, and among the people.

But we had two hundred and eighty-five millions of gold and silver coin and bullion in 1860, and in the seventeen years since we have produced from our mines one thousand and seven millions of gold and two hundred and fifty-five millions of silver; about half of which, or six hundred and thirty-one millions, have gone into coinage. What has become of this vast sum of coin?

OUR FOREIGN DEBT AND EXPENSES—THEIR RELATION TO RESUMPTION.

It has flowed abroad to pay our debts. Much more than half of our national debt is owned in Europe. The interest on our national bonds held abroad is exceeded by the coin interest on State, city, railway, and other American securities held there; so that the aggregate coin interest annually due from the people of the United States to Europe is estimated at from one hundred to one hundred and fifty millions of dollars. Add to this from forty to fifty millions per year paid for foreign shipping, and a sum equally great for expenses of foreign travel, and we have an aggregate annual drain of from one hundred and eighty to two hundred and fifty millions of dollars in payment of debts and expenditures abroad.

How have we paid this enormous annual foreign demand?

First, by the shipment of coin and bullion. From 1860 to 1876, both inclusive, we shipped abroad one thousand and fourteen millions of gold and silver more than we imported, being an average of over fifty-six millions a year. The balance of the foreign demand upon us we have paid in part by an occasional balance of trade in our favor; but always, in whole or in part, by selling more bonds abroad, thus each year increasing the annual drain of the precious metals and making it more impossible for us to get or keep any large sum of coin in our country.

I do not ignore the consideration that our disuse of gold and silver as money would of itself have caused them to flow abroad. But I claim that our foreign debts and expenditures make the drain imperative, whether we do or do not use the coin as a foundation for a home currency. Our great specie product of the past seventeen years has become the property of creditor nations who have built their business on it. We can neither bring it back, nor hold future accumulations here, by creating a demand for it at home, be it ever so imperative; for with nations, as with individuals, "the borrower is servant to the lender." No nation greatly in debt abroad ever did, or can, have a redeemable paper currency for domestic business. Russia, Austria, and Italy, who are like us greatly in debt abroad, are also like us compelled to forego specie payments.

OUR FOREIGN TRADE—ITS RELATION TO RESUMPTION.

But my colleague [Mr. GARFIELD] says in effect that this bad condition is all changed now, and resumption made easy by our favorable balance of trade. So far from the balance of trade helping us to coin, the report of the Bureau of Statistics of August 21, 1877, shows that we shipped abroad for the year ending June 30, 1875, seventy-two millions of coin and bullion more than we received; in 1876 forty-one millions, and in 1877 sixteen millions. So that, notwithstanding the unexampled balance of trade in our favor, and our great effort

to accumulate gold for resumption, we have in the past three years exported one hundred and twenty-nine millions more of coin and bullion than we have received from abroad. How, then, has the balance of trade helped resumption?

Mr. Speaker, this vast and increasing drain of the precious metals makes a maintenance of specie payments absolutely impossible on one-third of our present volume of paper currency. Until the financial policy which has taken our debt from our own people to send it abroad shall be wholly reversed, and the debt is held at home; until the usury which forbids vessels built here, where money costs 10 per cent., from competing with those built on the Clyde, where money costs but 3, shall have been abated by a money policy which shall give money and moneyed securities a less exorbitant interest; we can no more arrest this outgoing drain of the precious metals than we can stop the waters warmed by an American sun in the Gulf from flowing to lave and enrich the British Isles.

PREPARATION FOR RESUMPTION.

The administration has had in its hands for three years past the whole credit resources of our nation for the purchase of coin wherewith to prepare for resumption. It has been authorized to sell bonds bearing 4, 4½, and 5 per cent. interest. Three-fourths of the time allotted for preparation has already elapsed. The Secretaries of the Treasury have exerted themselves to the utmost to accumulate gold. The national banks have no doubt been fairly diligent in getting and hoarding it. The problem before the Treasury and the banks has been to get gold enough to keep seven hundred and thirty-three millions of paper afloat, or to take up the paper with gold and destroy it. How successful have they been?

We find from a report of the Secretary of the Treasury made to this House last Thursday that the United States had succeeded in obtaining to October 31, 1877, but $57,436,071 of gold, from which is to be deducted, however, accruing interest, amounting at that date to $24,840,093—leaving but $32,595,978 of gold applicable to resumption. Whether any of that small sum is what Jim Fisk would have called "phantom gold"—say subscriptions by the national banks for bonds *payable* in gold, but not yet paid—does not distinctly appear. In addition to the thirty-two and a half millions in the Treasury, the national banks hold $19,948,407 of silver and gold combined. How much of this is silver and how much gold does not appear from the bank statement. No doubt the chief part is subsidiary silver coin, which is of no use for resumption.

Mr. SPRINGER. If the gentleman will allow me, I would say that, according to the last statement of the Comptroller of the Currency—that for November—there are but five millions of gold coin in the national banks, the other specie in the banks being in silver and United States gold certificates.

Mr. EWING. After nearly three years of preparation, what have we accomplished? We have effected a net destruction of over seventy-five millions of greenbacks and bank notes combined; but have accumulated in the banks and the Treasury less than fifty millions of gold and ten millions of silver applicable to resumption. Here we are, then, with resumption day not fourteen months distant, with not one-fifteenth of the amount of gold and silver indispensable to float six hundred and fifty-eight millions of paper money now outstanding—with no stock of the precious metals in the United States to draw from—with the outgoing drain still kept up—with our foreign creditors and the great banks of Europe determined to prevent the shipment of gold to America; holding in effect a mortgage on every

dollar of the coined product of our mines; and able to drain the petty accumulations in our Treasury or the banks at will by simply demanding coin payment of the interest on our public and private securities, or by sending them home for sale. Under these conditions, how utterly futile it is to hope that we can maintain resumption without the swift destruction of much the greater part of the present currency of the country!

If we were wholly out of debt to Europe, if our foreign commerce floated under our own flag, if there were no system of absenteeism among our wealthy classes, expending their wealth abroad, resumption in gold, or even in gold and silver, would be impossible on our present volume of paper currency for many years to come. In the proportion of coin in England to redeemable paper money, it would require about eighteen hundred millions in our country to maintain resumption on the six hundred and fifty-eight millions of paper money outstanding. In the proportion of France's paper money to her coin, we would require an accumulation of sixteen hundred millions. Take even the proportion of coin in our country in 1860 to the highest volume of paper money then in circulation and nominally redeemable, and it would require nearly nine hundred millions of coin to float our present paper money.

How can we accumulate such a vast sum of gold? The coined product of our mines, if it were all retained here, would not yield it in forty years. If we were free from debt to-day and were to offer 6 per cent. bonds in the markets of Europe in exchange for gold, we could not get a hundred millions. Recollect, sir, that England, France, and Germany, never suffer a shipment of gold from their shores, if by any artifice or power they can prevent it. All the vast sales of bonds abroad for fifteen years past have brought us nothing but our own securities or merchandise. England refused to pay the Geneva award of fifteen and a half millions in gold, but paid it in securities. An export of ten to fifteen millions of gold will always produce a panic there. It is the base of the pyramid of currency and credits in every specie-paying country, and the withdrawal of any part of the base shakes the industrial fabric resting on it. Hence every monarch of Europe guards his country's gold as he does his crown or scepter.

RESUMPTION NECESSARILY INVOLVES IMMENSE CONTRACTION OF THE CURRENCY.

Hence resumption can only be *maintained* by the destruction of the greater part of the present paper currency. To accomplish that purpose the means provided in the law are probably adequate. Mr. Sherman says they are. He ought to know. His plan probably will be to limit the amount of redemption per day to, say, two millions; to require all the greenbacks to be presented through a chosen syndicate which can pay him two millions of gold per day for 5 per cent. bonds, and present two millions of greenbacks per day and receive the gold back. It could probably be managed so that most of the gold thus used would be merely diverted from European and American money-markets long enough to flow through the Treasury and back to the same markets, causing comparatively little disturbance, and accomplishing in effect merely a *funding* of most of the greenbacks into gold-bearing bonds.

My colleague [Mr. GARFIELD] says the people will not want the gold when greenbacks are at par. True, the masses will not. They never have wanted it in preference to greenbacks, which they always have regarded as being, in the language of President Grant's message in 1873, "the best paper money they ever had." But the *people* generally will have no more to do or say as to the redemption

and cancellation of their currency than they have had with the finance policy of the Government for the past twelve years; than they had with the establishment of the national-bank system; or the funding of the $1,200,000,000 of interest-bearing Treasury notes; or the passage of the infamous act of 1869; or the rascally sleight of hand by which silver was demonetized; or the enactment of that sum of financial villainies—the resumption law. The national banks, the importers, the gold rings in New York, the desperadoes of Wall street, the money kings of Europe to whom we are financially enslaved, *they* will present the greenbacks for redemption and destruction as fast as the gold can be paid over the counters of the Treasury.

But we are assured there will be little more contraction, because gold will take the place of the redeemed greenbacks in the business of the country. That is a most fallacious conjecture. The dearth of gold here, the present large demand for it, the immeasurably increased demand arising from the fact that considerably more than two thousand millions of national, savings, and other bank deposits will then be payable in gold; that seven or eight billious of other debts, corporate and private, and seven hundred and fifty millions of annual taxes, now payable in currency, will then be payable only in gold; that every banking institution in the land will be at the mercy of the millionaire gamblers who may hoard it to burst the banks and place the business of the country at their feet, will create a general scramble for coin which will keep every dollar of it out of general circulation.

RESUMPTION INVOLVES RETIREMENT OF A LARGE PART OF THE BANK CURRENCY.

After our currency shall have been contracted over a half by destruction of the greenbacks, the bank circulation must also be largely reduced to maintain resumption. The national banks, since the resumption law was enacted, have made a net reduction of forty-eight millions of their circulation. Whatever other causes may have led to it, the obvious impracticability of maintaining even the present volume of bank currrency redeemable in gold was the main cause. Over three hundred national banks have already surrendered their circulation in whole or in part. They are chiefly the banks of the country districts, that know perfectly well that it will be impossible for any banks to maintain their circulation except those situated in the great importing centers, where whatever of gold may remain in the country will accumulate, and where alone redemption will be practicable.

OUR BUSINESS DISTRESS IS THE RESULT OF CONTRACTION.

The destruction of over seventy-five millions of greenbacks and national-bank notes under the operation of the resumption law has of itself caused much of the business distress we have witnessed; but the obviously impending destruction of more than half that is left is the storm-cloud which covers our heavens and fills all communities with alarm.

Sir, the assertion that the distresses that our country is now undergoing are due to the large volume of currency, and to the wastes of the war, is contradicted by our experience, and by the parallel experience of England's twenty years of continental war and irredeemable paper money. British industry was greatly wasted by that protracted war, but the loss was more than made up by the industrial prosperity which attended her full, stable, but irredeemable paper currency. It was in that season that she established her manufacturing and commercial supremacy over the world. Every sea was whitened with her commerce; every market filled with her wares. Napoleon said in his exile at St. Helena, "Great Britain conquered me

with her spindles"—with spindles kept in motion by a prosperity due to the fact that she had during that period of suspension a fuller, better, and more stable currency than any which can be built on the quicksands of gold and silver.

So *we* had, during the rebellion and for some time afterward, a full and satisfactory currency which stimulated industry, and compensated to a large extent for the ravages of war. If the distress which now afflicts our country were due to the increased volume of paper money, how is it that during the period of the fullest currency bankruptcies were almost unknown? How is it that that period, though marked by extremely heavy taxation, was one of comparatively little accumulation of municipal or private debt?

Mr. Speaker, the records of commercial failures in the United States indisputably show that business distress was least when the currency was fullest, and that the contraction of the currency, by funding legal-tender interest notes, arrested prosperity and caused an enormous increase of bankruptcies throughout the nation. In place of this currency withdrawn, was substituted a mountain of debt which toppled over in the panic of 1873. But in the year following the panic those records show, and our recollections attest, that the business of the country revived. The return of prosperity was stopped by this resumption law, which was an emphatic warning to moneyed men to withdraw or withhold their money from all industrial pursuits, and to hoard it in anticipation of a contraction and shrinkage of values unparalleled in our history. Had our home debt and our currency been let alone, the prosperity that accompanied and followed the war would no doubt have continued, prices would have gradually settled to a salutary level through a relative shrinkage of the currency resulting from the extension of business, and we would have been to-day richer, freer from debt, and far, far nearer a practicable resumption than now.

My colleague [Mr. GARFIELD] attempts to prove that our present disasters are the result of the increase of the currency during the war, by citing the hard times from 1837 to 1842 and from 1857 to 1859 as instances of the evils of redundant currency. Sir, the volume of currency was no larger at those periods than it was in 1860, which has been cited by the gentleman as the most solidly prosperous year in our history. Those panics were caused by the fact that the specie reserves of the banks were necessarily small, and that to accommodate the business of the country they issued more paper than they could get coin to redeem with, and therefore specie payments collapsed. To get back to redemption, the banks were compelled by their charters to do, just what the resumption law now compels the Treasury and the national banks to do, that is, contract their paper to the little measure compatible with coin redemption. That contraction, and that alone, caused the business distress which characterized the years following those panics.

EQUALIZATION IS NOT RESUMPTION.

But my colleagues [Messrs. GARFIELD and MONROE] tell us that greenbacks are within 2½ per cent. of gold, and by the 1st of January, 1879, we will glide into resumption as a ship is launched from the stocks. Sir, that is the same jack-o'-lantern which beguiled the British people into the bog of resumption in 1819. Ricardo and other oracles assured the people that, as gold was at but 4 per cent. premium, resumption was an easy step, and that the fall of values caused by resumption would not exceed the 4 per cent. premium then existing on gold. Their assurances were credited, the law was passed, and the shrinkage of the currency and the fall of values which followed exceeded ten-fold the predictions of these oracles of finance.

This theory, which Ricardo himself subsequently admitted to be fallacious, is referred to now by the resumptionists with as much assurance as if it were a demonstrated maxim of finance. The fact is, the premium on gold is no measure whatever of the extent of contraction necessary to resumption.

Equalization is not resumption. Equalization can occur without disturbance of the volume of the currency or of domestic business, for it leaves all who want gold to exchange greenbacks for it in the market. Resumption involves redemption and destruction of the home currency to the extent of the demand for gold, regardless of the disasters to business attending such destruction.

The reduction of the premium on gold is due to causes which may cease or be counteracted at any time. The depression of industries in Germany through contraction by silver demonetization; and in England through a falling off of exports to the United States, and through the cheapening of silver, which has enabled the residents of British India to manufacture goods there at less cost than they can be manufactured in England, (thus cutting off her greatest market,) has tended to lessen the demand for gold in Europe, while the decrease of our own imports has lessened demand for it at home. Hence its fall in price in our markets.

A revival of commercial prosperity in those nations, increasing the export demand for our gold; a money panic abroad; a large crop in England next year; a short crop here; or even the termination of the European war, opening the Dardanelles for export of Russian wheat, may turn the balance of trade against us and send gold up to 10 or 20 per cent. premium before resumption day. Any one of these incidents, after resumption, would probably drain the little accumulations from the Treasury and the banks, and throw them into insolvency.

WITH SILVER REMONETIZED RESUMPTION STILL IMPRACTICABLE.

But we are told that silver will be remonetized, and then resumption will be practicable without further contraction. That, in my judgment, is an egregious error. The total supply of silver coin and bullion in the United States, exclusive of subsidiary coin, is stated on excellent authority not to exceed from five to ten millions of dollars. There is no great stock of silver in the world on which we may draw for the enormous sum needed as an auxiliary to resumption; the only large accumulation being the demonetized coin of Germany, which does not exceed $80,000,000. Remonetization by us will strengthen the already strong tendency in Germany to restore its silver, and will go far to remove the restrictions on that coinage in France, Italy, Spain, and the other states of the Latin Union. Mints have been established to coin it in Japan and India, and are about to be established in China with a view to the substitution of silver for copper in the domestic business of those countries, which is vast enough to absorb all the silver of the world. If our paper currency should be contracted no further, and if every contingency were to result in our favor, we could not possibly accumulate in the next twenty years enough of the precious metals to maintain even the sham redemption we had before the war. The only alternatives therefore are an indefinite postponement of resumption, or contraction of the volume of paper money to less than the attainable supply of coin, say $200,000,000.

FALL OF VALUES CAUSED BY CONTRACTION.

Mr. Speaker, there is no law of political economy more universally recognized than that the reduction of the effective volume of a currency by which the values of a country are measured, causes a ratable reduction of all values of land, labor, and product. It was strikingly

illustrated in the history of the British resumption law. When that act had been in force three years, and resumption day was but a year distant, Mr. Atkins showed on the floor of the House of Commons—and Tooke's Tables of Prices confirms his statement—that the reduction of the bank paper 45 per cent. as a necessary preparation for resumption caused an equally great reduction of all values on the island.

I think it safe to say that the combined effect of withdrawal of over seventy-five millions of the paper currency under the resumption law, and the hoarding caused by the threat of resumption, have together reduced its effective volume at least one-third, resulting in an average fall of values in like proportion.

EFFECT ON DEBTORS, TAX-PAYERS, AND WAGE-PEOPLE.

Now, Mr. Speaker, what is the extent of injury thus inflicted? How have tax-payers suffered? We pay more taxes each year than the aggregate volume of our currency—seven hundred and fifty millions—for the support of national, State, and local governments. That is, a tax of $17.50 per head for every man, woman, and child in the United States—an enormous burden, far surpassing any borne by any people on earth. The British pay $11.09 per head; the French, $11.41; the Germans, $9.24; the Austrians, $7.22. This burden is insupportable, unless industries prosper. The resumption law has broken down industries and reduced one-third the average values of land, labor, and products, by the sale of which alone taxes are paid, and in effect has thus increased the tax burden 50 per cent. The burden has thus been made, in heavily taxed communities, absolutely insupportable. Several great States, and many counties and cities, have already sought relief in repudiation. Continue that process of reduction of values, bring them down much more, as will inevitably be done if this law be not repealed, and one-half of the corporate and municipal debts in the United States will be repudiated. The greed of the money power, in thus seeking to enhance so enormously the value of the dollar, is only equaled by its arrogant and dogged stupidity.

Consider, Mr. Speaker, the wrong done to individual debtors by this contrived shrinkage of values. The aggregate of private debts in the United States, including railway mortgages, is probably not less than seven and one-half billions of dollars, or three and one-half times the sum of our national debt. They are owed generally by the young, energetic, driving business men of the country, who are seeking to rise from poverty to competence, or from competence to wealth. They comprise two-thirds of the merchants, manufacturers, and exchangers of values, and give employment to two-thirds of the wage-men of the country. This law breaks down their business, strips them of their property, and casts out of employment millions of laborers dependent on them.

Above all, Mr, Speaker, consider the effect of the shrinkage of values on wage-laborers and their families; on the millions who are compelled to eat up in idleness the little accumulations of thrifty industry; on the millions who have no accumulations, but rely only on daily labor for daily bread, and who are now unemployed, or half employed, or living on pauper wages. The president of the Springfield and Pomeroy Railway Company, Mr. Emmett, who is struggling to construct a railway across Southern Ohio, told me recently that he had plenty of laborers offering to build his road without other compensation than enough bread and meat to keep the poor machines of their bodies in working order—asking nothing for clothes, nothing for wives or children, nothing to lay up in store for winter—and this too

in the midst of bounteous harvests, in a region one of the fairest ever fashioned by the Almighty for the abode of man—

> Oh, God! that bread should be so dear,
> And flesh and blood so cheap!

[Applause.]

The SPEAKER. The hour of the gentleman has expired.

Mr. PRIDEMORE. I withdraw the objection I made a while ago to the extension of the time of the gentleman from Ohio.

Mr. GARFIELD. I now renew my request for unanimous consent that the time of my colleague be extended indefinitely.

The SPEAKER. The gentleman from Ohio asks unanimous consent that the time of his colleague be extended indefinitely. Is there objection? [After a pause.] The Chair hears none.

Mr. CHITTENDEN. I must object to that peremptorily, unless the same time is given to the other side.

The SPEAKER. The Chair thinks the gentleman from New York rose too late to object.

Mr. EWING. I thank my colleague [Mr. GARFIELD] for his courtesy.

ESTIMATE OF INJURIES THUS FAR INFLICTED.

Suppose, Mr. Speaker, that resumption were attainable without further fall of values and depression of industries, and that after January 1, 1879, prosperity should promptly return. Let us make a rough estimate of the cost of resumption. It will have cost the people at large, through the enforced idleness of factories, an enormous sum, probably surpassing several times the aggregate of our national debt.

The debtor class, instead of paying seven billions, which they owe, would have to pay one-half more by the shrinkage of former values; that is, the enormous sum of about three and three-quarters billions of dollars would be wrongfully taken from them, so far as they have power to pay it, and given to the creditor class, without consideration and in violation of the spirit of the contracts.

The census of 1870 indicates that there are not less than ten millions of wage-people in the United States, men, women, and children. If there be no increase of demand for labor by resumption day, we may safely put the loss of labor, unemployed, or only partly employed, at a daily average of three millions of days' labor; and, putting wages at an average of a dollar a day, the loss, from want of employment alone, will have been nine hundred millions a year for about three years—an aggregate of $2,700,000,000 wrung from the poorest class of our people.

The loss to taxpayers in depreciation of property with which taxes are paid, while the sum of taxes remains the same, would be three hundred and fifty millions a year, or over a thousand millions in the three years; and the increase of bonded debt in purchase of gold and silver to pay and cancel the greenback and fractional currency, will be four hundred and sixteen millions more. Thus, under the specious pretext that national honor requires us to add 10 per cent. to the value of three hundred and fifty-four millions of greenbacks, the contrivers of this scheme will have wrested from the people many times the sum of our vast national debt.

FURTHER AND GREATER DISASTERS TO FOLLOW.

But the shrinkage of the currency and of all values cannot stop here, if the resumption scheme be not arrested. The entire industrial system of this country has been pushed to the verge of destruction. Savings banks and insurance companies are now failing everywhere through depreciation of real estate mortgaged to them. Yet my colleague [Mr. GARFIELD] appeals to us, in the name of the

workingmen whose means are in these failing companies, to adhere to the policy of contraction, which involves the loss of their savings in addition to loss of employment. There is not a savings or other bank in the United States which can possibly prepare for resumption by January 1, 1879. All the banks owe, by the estimate of the Comptroller of the Currency, about nineteen hundred and seventy-four millions to depositors, which will be payable in effect in gold on that day, in addition to three hundred and seventeen millions of bank-notes. Those institutions have not to-day one million of gold for each two hundred millions payable fourteen months hence. When they shall have drifted on a few months longer, their helpless condition will become generally understood, and a panic will ensue which will involve the whole banking system and with it the entire industries of the country, to be followed by an enormous increase of suffering among wage-people and by civil commotions, riots, and disasters which will shake the firm foundations of order and property.

Mr. Speaker, this is no phantom of the imagination, but a prediction of fact founded on the necessary effects of the law in the situation in which we are, as illustrated by the experience of England, in her fatal scheme of forced resumption.

Our legislators slavishly borrowed this scheme from British statute-books, while shutting their eyes to every lesson its history taught the world. They are blind to the fact that, while resumption was possible in England, it is wholly impossible here. When she attempted resumption the paper money to which her values were adjusted was about $232,000,000; ours, seven hundred and thirty-three millions. She had far more gold in the country than we have. All the world owed her; we owe all the world. The precious metals flowed to her from every land; they flow out from us at every port. With her small volume of paper money, her comparatively large accumulation of coin, her supreme command as the creditor, the merchant, and manufacturer of the world, resumption might well have seemed practicable to her statesmen. With our large volume of paper money, our petty and diminishing supply of coin, in our helpless situation as the financial slave of the world, unable either to get or keep coin as the foundation of a redeemable paper currency, the attempt at forced resumption is theory or craft run mad.

England carried through the scheme of her theorists and usurers, stripped her laboring class of their homes and little accumulations, robbed debtors of their property, and suppressed with slaughter the cries of her starving wage-men. Our theorists and usurers have a far more gigantic job on hand. Its monstrous immorality and injustice are understood by the people, who will not submit to be robbed and enslaved by it. The alliances of workingmen everywhere—their action in the late elections—the civil commotions of last spring—are but portents of a coming storm. Look at the multitudes in the streets of our cities fast being driven by hunger to despair! I saw hundreds last summer clubbed by policemen out of the parks in New York at night—homeless, starving workingmen, who had gone there to find a resting place on the grass under a pitying sky. I warn you, this scheme has been pushed just as far as it can go. Stop! or the spoliation of the masses, accomplished and still threatened, may arouse an avenging spirit which will not be content with merely righting wrongs.

WHAT WILL BE GAINED BY RESUMPTION?

Mr. Speaker, what are we to gain by this resumption scheme to compensate for the enormous calamities it has inflicted and will yet inflict? The answer is, "We will get a better and more stable currency redeemable in gold and silver, and shall then have a sound and

lasting prosperity." Sir, I deny it, and confidently assert that we will get no currency at all comparable to that we have had for ten years past.

The most that can be said of it is that it will be in some respects a better and in others a worse currency than we had before the war. It will be better than then, because the State-bank money had not uniform security or value. It will be a worse currency in this, that before the war we were comparatively out of debt abroad, and had more coin in the country and greater power to hold it than we can have for many years to come; and because the enormous aggregation of money and of money securities since then has created money kings and wreckers, who own and control the great banks and can contract and expand bank issues, make hard times and good times at pleasure, and rob the people at every change of values.

Imagine us back to an exclusive bank paper redeemable in coin. Let us view the inverted pyramid! We see $3 of bank paper built on each dollar of coin in the vaults and $3 of deposits on top of each dollar of paper, making $12 of paper and deposits, largely payable on demand, resting only on $1 of coin. Then suppose any year an abundant crop of cereals in Europe, and a consequent diminished export of grain from the United States, necessarily followed by increased coin shipments. The withdrawal of twenty-five millions of coin from the banks would involve a contraction of seventy-five millions of paper, taking the foundation from under two hundred and twenty-five millions of deposits—bringing on inevitably a general panic, just as the withdrawal from our banks in 1857 of seven millions of coin for shipment abroad caused the crash of that year. A war between any two great nations; a commercial crisis in any one of them; a combination of a half dozen of our largest creditors in London or the Netherlands; a combination of two or three great speculators at home; any one of a dozen incidents may occur in any month after resumption, causing the withdrawal from the banks for shipment abroad, or for making a corner at home, of coin enough to cause a disastrous panic.

The British have something approaching honest coin redemption, for there can only be $45,000,000 of bank paper in excess of coin in the vaults of the Bank of England; yet, there, with near seven hundred millions of coin in the country, "the export of ten to fifteen millions of coin," says Mr. Patterson in his Science of Finance, "will produce a serious commercial crisis."

In the United States we have never had, and for many years cannot have, sufficient coin attainable by the banks to establish an honest redemption of one-third of the paper money which the necessities of business imperatively demand. Before the war the deposits but little exceeded the bank paper, while now they are three times the sum of our whole volume of paper currency, being near two thousand millions; yet then we had redemption only when coin was not generally wanted, but when the banks were called on for it the fact that $1 of coin will not redeem $3 of paper and $9 of deposits always threw them into insolvency. The system would have been a juggle if it were not a transparent lie. It is to get back to something even worse than this old system of insidious swindling that the American people are now undergoing the tortures of the damned.

NATIONAL HONOR.

But the gentleman from New York [Mr. CHITTENDEN] declares with great vehemence that the greenback was originally merely a debt payable on a day not named; that the resumption law made it

payable January 1, 1879; and that to repeal that law, and change the day of payment so fixed, is downright repudiation. Mr. Speaker, if the gentleman's statement be true that the greenbacks were payable on a day not named, then they were payable on *demand*. Then the resumption act postponing payment four years was an act of repudiation, and to now repeal that act is to restore as far as possible the original contract. Hence, by his own logic, he was a patriot when he voted against the resumption law in 1875, and is now a repudiator in sustaining it.

My colleague [Mr. GARFIELD] says the greenback was a forced loan. I deny it. It was issued as *money;* and solely because the people had not enough coin or other safe currency with which to prosecute the business of the war. I care not for the form of the contract, but for its meaning; not for the letter, but the spirit. It was and is only a pledge by the whole people to each successive holder that it shall be money; the money of the Constitution and law; the money of taxes, judgments, and contracts, in the transactions of domestic business; and that the function of money shall inhere in it until considerations of *public interest alone* require its redemption in coin.

A favorite scheme of the bullionists—those guardians of national honor—recommended repeatedly by Grant's administration and the leading resumptionists of this House, has been and is to break this pledge of national faith by destroying the legal-tender character of the greenbacks in the hands of the people. They and they only are the repudiators; while those advocating the retention of the money, with all its faculties unimpaired, respect alike the obligations of national honor incurred in its issue and the considerations of national interest which demand its retention as the safest and best possible currency.

Sir, the resumption law was a trick and a fraud; hatched in the dark; its real purpose and effect concealed from all but the initiated in the mystery of money; and put through Congress without explanation or debate, because its authors well knew that the people would never consent to increase the bonded debt or destroy the greenback, and that if the effect of the bill had been known it would have been instantly strangled on this floor.

That law is itself a repudiation of the compact by which the greenback became the measure of all contracts in the myriad transactions of domestic business. It sought to destroy the greenback and to increase by stealth the values of $10,000,000,000 of contracts, public and private, measured by it. To repeal that law, and thus restore as far as possible the just measure of those contracts, is demanded alike by the people to whom the greenbacks belong and by every consideration of interest and honor.

If a repeal of this law be repudiation, as the gentleman from New York [Mr. CHITTENDEN] so loudly asserts, who are the hapless sufferers? Not the people at large, for they hold the money to-day and pay it out to-morrow, and a change in its purchasing power is not so instantaneous as to affect hand to hand transactions. Is it the few men who have hoarded greenbacks on the pledge of the law? They diverted the money from the uses for which it was issued and have already made exorbitant profit by it. Is it not enough for them that $6 in greenbacks will now buy ten dollars' worth of labor or property? Does justice or honor demand that we give the hoarders of one or two hundred millions of greenbacks the power to double or treble their wealth by purchasing the people's labor and property at mere nominal prices, and that to accomplish this the industries, the property, the happiness of the masses shall be sacrificed?

No, sir! no public debt, however clear or obligatory, would justify a sacrifice so stupendous. In the language of Edmund Burke—

IT IS TO THE PROPERTY OF THE CITIZEN, AND NOT TO THE DEMAND OF THE CREDITOR OF THE STATE, THAT THE ORIGINAL FAITH OF SOCIETY IS PLEDGED. THE CLAIM OF THE CITIZEN IS PRIOR IN TIME, PARAMOUNT IN TITLE, SUPERIOR IN EQUITY.

I have not attempted, Mr. Speaker, to reply to all the arguments on the other side, or to sound a tenth part of the depths and shoals of this subject, which is as boundless as the sea. No greater question was ever presented to an American Congress for its action. It touches the prosperity, the happiness, the future, of three-fourths of the men, women, and children of this land. Countless homes have already been desolated by this robber law. Thousands of men have been driven by it to insanity or suicide. Hundreds of thousands have been cast down from competence to poverty. Millions have been deprived of that employment for their labor on which rest the hope and dependence of their families. It is now too late to right these wrongs, but greater evils may be averted from the most of these victims, and from millions more, by the prompt action of Congress and the President.

I do not appeal to that money power which intrigues for its own aggrandizement over the wrecked fortunes of the unwary multitude—a power to which our unhappy civil war gave birth, which has grown so enormous through unjust finance legislation, and now "bestrides this narrow world like a colossus;" which subsidizes the press, the great organs of public opinion; which captures statesmen and parties, and makes them its subservient tools; which villifies and seeks to crush every public man who dare raise his voice against it. That power, in the flush and arrogance of its enormous and ill-gotten gains, has a heart of stone, not to be touched by human sympathy or compassion. I appeal to the masses; to their faithful Representatives of both parties on this floor; to all who think that the true aim of government is the greatest good of the greatest number; who believe there is a faith due to the people as well as to the holders of public securities; and that whoever by covert legislation changes the value of contracts, is as accursed as he who moves his neighbor's land-marks.

For twelve years past the finance policy of this country has been dictated in Lombard street or Wall street, and the people have been plundered by every fresh enactment. They have suffered the fate of the giant Gulliver tied down by the Liliputians. Thank God! they are now about to arise, to burst the bonds their petty foes have fastened on them sleeping, and to walk abroad again in their own majesty. [Great applause.]

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